

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *Short-tenor IGs were active this morning. TENCNT/BABA widened 2-3bps. SOE Perps and AT1s were also weak. GLPCHI/GLPSPs retreated c0.5pt.*
- **CIFIHG:** *One more option with high proportion of MCBs. See below for comments.*
- **VEDLN:** *USD300mn tap on VEDLN 10.875 09/17/29 and conditional call on VEDLN 13.875 12/09/28. See below for comments.*

❖ Trading desk comments 交易平台市场观点

Yesterday, UST 5-yr and 10-yr yields widened 10-12bps. KHFC priced a USD300mn 5-yr bond at SOFR+83. SHANPU priced a USD300mn 3-yr floating-rate bond at SOFR+60. In JP, the recent new SEKIS 30/34 widened 2-3bps. SMBCAC 29/34 were unchanged to 2bps tighter. In Chinese IGs, HAOHUA/BABA/TENCNT 30-31s were 1-3bps tighter. In financials, BNKEA/DAHSIN/SHCMBK/NANYAN T2s were 3-5bps tighter on better buying from PBs/AMs. NSINTW '34 tightened another 6bps. CATLIF '34/39 also tightened 3-4bps. ZURNVX '55/NIPLIF '53 were 0.2-0.3pt lower. In Chinese AMCs, CCAMCLs/ORIEASs were 1-3bps tighter. However, the front end of HRINTHs closed 2-3bps wider. In EU AT1s, CMZB 7.5 Perp/UBS 6.85 Perp/HSBC 6.95 Perp were down 0.1-0.3pt amid higher UST rates. Chinese properties were firm, following PBOC's 25bps cut on 1-yr and 5-yr LPR. YUEXIU '31 was 0.6pt higher. DALWAN 25-26s/VNKRLE 25-29s/LNGFOR 27-32s were up 0.2-0.5pt. In HK, FAEACO Perp was 0.7pt higher. In industrials, FOSUNI 25-27s were 0.3-0.5pt higher. Media reported Fosun aims to launch a tender offer for its USD700mn FOSUNI 5.95 '25. CHIOIL '26 increased 0.7pt. China Hongqiao's rating was withdrawn by Moody's on issuer's request, HONGQI '25 were unchanged. In Macau gaming, SANLTDs/WYNMACs were down 0.2-0.3pt. Outside China, GLPSP Perps dropped another 1.5-1.6pts after the fall of 2.8-3.5pts over the last week. GLPCHI '26/GLPSP '25 were up another 0.3-0.8pt after the gain of 1.2-1.4pts over the last week. See our comments on the tender offer of GLPSP '25 and the concurrent new issue on [21 Oct '24](#). In India, VEDLN priced the USD300mn tap of VEDLN 10.875 '29 at 102.75 at a YTM of 9.998%, and announced the partial and conditional call of VEDLN 13.875 '28 at par. See below for comments. VEDLN 26-29s declined 0.2-0.5pt. UPLLIN Perp was another 0.4pt higher.

In LGFVs, KMRLGP '24/GXCMIN '25/QZSOAT '25 were up 0.2pt. CPDEV '26/ZHHFGR '25 were 0.2-0.3pt higher under better buying from Chinese AMs. LIANYU '25/CDCOMM '27 were down 0.1-0.2pt. QDJZWD/CONSON 27s were unchanged to 0.1pt lower. In SOE perps, the new CHPWCN 4.65 Perp was down 0.1pt. CHPWCN 4.25 Perp/CHCOMU 3.425 Perp were 0.1pt higher.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吳蒨瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPSP 3 7/8 06/04/25	98.4	0.8	GLPSP 4.6 PERP	62.4	-1.6
CHIOIL 4.7 06/30/26	91.8	0.7	TENCNT 4.525 04/11/49	88.7	-1.6
FAEACO 12.764 PERP	100.1	0.7	CHGRID 4.85 05/07/44	98.8	-1.5
YUEXIU 3.8 01/20/31	84.4	0.6	HAOHUA 4 3/4 06/19/49	90.2	-1.5
LNGFOR 4 1/2 01/16/28	82.8	0.5	SINOPE 3.68 08/08/49	81.2	-1.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.18%), Dow (-0.80%) and Nasdaq (+0.27%) were mixed on Monday. UST yield rallied higher yesterday, 2/5/10/30 yield reached 4.02%/3.98%/4.19%/4.49%.

❖ Desk Analyst Comments 分析员市场观点

➤ CIFIHG: One more option with a high proportion of MCBs

CIFI fine-tuned the restructuring plan to sub-divide Option 2 into Option 2A and Option 2B. In short, Option 2A will offer upfront cash and convert 90% of the claims into MCBs. Option 2B is the original Option 2, i.e. upfront cash, 30% of claims to be converted into 4.5-yr amortizing bonds and 60% to be converted into MCBs. The fine-tuning somehow reflects that offshore creditors prefer more exposure to equity or equity-related instrument a notable improvement in the stock market sentiment. As we discussed before, we see the appeal of Option 2 which, in our view, is also the option CIFI is nudging creditors to choose from, taking cues from the largest amount of upfront cash earmarked, no cap on the size of the Option and reallocation from other oversubscribed options to Option 2 (amended to Option 2B upon the fine-tuning). The other fine-tuning is that noteholders (holders of USD bonds, perp and CB) do not make any elections will receive Option 2A (vs Option 2 prior to the fine-tuning) consideration. Please read our detailed comments on [CIFI's restructuring plan](#) on 15 Oct'24.

For the sake of discussions, in an extreme case of all offshore creditors pick Option 2A, the cash amount reserved to Options 3 and 5 will be reallocated to Option 2A, the upfront cash available to Option 2A will increase to cUSD45mn. This translates into an upfront cash recovery of c0.6pt. Assuming all MCBs will be converted into shares and these shares can be sold at HKD0.38 per share (last close), the total recovery value for creditors picking Option 2A will be 15-17pts at discount rates of 15-20%.

➤ VEDLN: USD300mn tap on VEDLN 10.875 09/17/29 and conditional call on VEDLN 13.875 12/09/28

Vedanta Resources (VRL) priced the tap on VEDLN 10.875 09/17/29 at 102.75 (YTM of 10.0%), and the issue size will be USD300mn. The proceeds will be used to fund the partial redemption of VEDLN 13.875 12/09/28 (o/s amt: USD608mn). At the same time, VRL distributed a conditional redemption notice to partially redeem VEDLN 13.875 12/09/28 on or about 20 Nov'24 at par, subject to the condition that VRL raises sufficient amount to pay such redemption price, accrued and unpaid interests and related expenses.

After the upcoming conditional redemption, the outstanding amount of VEDLN 13.875 12/09/28 will be reduced to USD308mn assuming the entire proceeds of USD300mn from the tap is used to repay the principal amount. This would further alleviate the refinancing pressure of VRL in 2027-28. See Table 1 for the proforma amortization schedule. The next offshore maturity for VRL will be VEDLN 9.25 04/23/26 of USD600mn in Apr'26, then followed by the amortizations on the two VEDLN 13.875 12/09/28 in Aug'27. Recalled that VRL has fully redeemed VEDLN 13.875 01/21/27 of USD470mn and partially redeemed USD400mn of VEDLN 13.875

12/09/28 at par through the [tender offers and conditional calls in Oct'24](#), funded by the issuance of VEDLN 10.875 09/17/29 of USD900mn in Sep'24. We maintain neutral on VEDLNs on valuation.

Table 1: Proforma maturity profile of VRL

USDmn	O/s amt	After the tap and conditional redemption	Details
2026	600	600	Maturity of VEDLN 9.25 04/23/26
2027	501	401	Amortization of the two VEDLN 13.875 12/09/28
2028	1,001	801	Amortization and maturity of the two VEDLN 13.875 12/09/28
2029	900	1,200	Maturity of VEDLN 10.875 09/17/29
Total	3,002	3,002	

Source: Bloomberg, CMBI Research.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Huangshi State-Owned Asset Management	92	3yr	7.0%	7.0%	-/-/-
Korea Housing Finance Corp	300	5yr	5.699%	SOFR+83	Aa2/-/-
SPDB Singapore Branch	300	3yr	5.469%	SOFR+60	Baa2/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
GLP Pte	USD	-	3.5yr	-	-/-/BB
Wuhan Financial Holdings	USD	-	3yr	-	-/-/BBB-
Zhengzhou Metro Group	USD	-	3yr	-	-/-/A

➤ News and market color

- Regarding onshore primary issuances, there were 73 credit bonds issued yesterday with an amount of RMB108bn. As for month-to-date, 724 credit bonds were issued with a total amount of RMB671bn raised, representing a 19.9% yoy decrease
- [ADROIJ]** Adaro Energy shareholders approved spin-off of thermal coal unit Adaro Andalan Indonesia
- [GLPSP]** GLP Pte plans to monetize USD25bn assets over the next 7-8 years
- [HONGQI]** Moody's withdrew China Hongqiao's Ba3 corporate family rating
- [SYNGEN]** Media reported that Syngenta Group is seeking a sustainability-linked loan of at least USD3bn to refinance debt
- [TPHL]** Times China's winding-up petition hearing adjourned to 25 Nov'24

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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